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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 6, 1999

APPLICATION OF

VIRGINIA NETWORK INCORPORATED

CASE NO. PUC990059

For certificates of public
convenience and necessity to
provide local exchange and
interexchange telecommunications
services

FINAL ORDER

On May 21, 1999, Virginia Network Incorporated ("VNI" or "the Company") completed an application for certificates of public convenience and necessity ("certificate") to provide local exchange and interexchange telecommunications services in twenty-seven counties (and the cities and towns contained therein) of the Commonwealth of Virginia.¹ The Company also requested authority to price its interexchange services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order dated May 18, 1999, the Commission directed the Company to provide notice to the public of its application,

¹ The application requests certificates to serve the Counties of Craig, Botetourt, Bedford, Campbell, Halifax, Pittsylvania, Henry, Franklin, Roanoke, Montgomery, Giles, Pulaski, Floyd, Patrick, Carroll, Grayson, Wythe, Bland, Tazewell, Buchanan, Dickenson, Wise, Lee, Scott, Russell, Washington, and Smyth.

directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to VNI's application. On July 19, 1999, the Staff filed its report finding that VNI's application was in compliance with the Rules Governing the Offering of Competitive Local Exchange Telephone Service, as codified in 20 VAC 5-400-180 and the Rules Governing the Certification of Interexchange Carriers, as codified in 20 VAC 5-400-60.

Based upon its review of VNI's application and the unaudited financial statements of its parent corporation, SmythNet, the Staff determined it would be appropriate to grant an interexchange certificate and a local exchange certificate to VNI, subject to the following conditions:

- (1) Any customer deposits collected by the Company be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary.
- (2) The Company shall provide audited financial statements to the Division of Economics and Finance, no later than one (1) year from the effective date of its initial tariff.

A hearing was conducted on July 29, 1999. VNI filed proof of publication and proof of service as required by the May 18, 1999, scheduling order. At the hearing, the application and accompanying attachments and the Staff Report were entered into

the record without objection and the Company agreed to the Staff recommendations.

Having considered the application and the Staff Report, the Commission finds that VNI should be granted certificates to provide local exchange and interexchange telecommunications services subject to the Company's compliance with Staff's recommendations. Having considered § 56-481.1, the Commission further finds that VNI may price its interexchange services competitively. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Virginia Network Incorporated is hereby granted a certificate of public convenience and necessity, No. TT-74A, to provide interexchange services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Virginia Network Incorporated is hereby granted a certificate of public convenience and necessity, No. T-455, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) VNI shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, VNI may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.